

Capital Security Cost-Sharing Program For U. S. Government Agencies Overseas



Photos of U.S Embassy Kampala

*Overseas Buildings Operations
U. S. Department of State*



January 20, 2004



Capital Security Cost-Sharing Program

This briefing covers --

- How the Program got started
- Why we need this Program
- What the Program will achieve
- How the Program will be administered
- What the Program will cost each agency
- How each agency can participate in decisions



Impetus for the Program

- **President's Management Agenda 2002 (p. 62-63) calls for**
 - **establishing mechanisms to link agency policies on overseas presence**
 - **integrating rightsizing into workforce plans**
 - **linking overseas assignment process and construction planning**
- **Secure Embassy Construction and Counterterrorism Act of 1999 dictates co-location of all personnel under COM authority**
- **Overseas Presence Advisory Panel (OPAP) Report, 1999, stresses rightsizing and the need for overseas agencies to share in capital costs**
- **OMB FY04 Budget Guidance directs the State Department to develop and implement a virtual cost-sharing program in FY04 and a real program in FY05; FY05 Budget Guidance confirms**
- **House of Representatives includes Cost Sharing Program in its Foreign Relations Authorization Act - H.R.1950, sec. 227**



The Need: Secure, Safe, Functional Workplaces

- To protect USG employees in case of attack
 - Over 61,000 USG employees from 30 agencies work overseas at 251 embassies and consulates
 - Most embassy and consulate facilities do not meet current security standards
- To provide USG employees safe, functional work space
 - Most embassies and consulates are overcrowded, run-down, and do not meet current safety or functional standards



NEC Building Program

- **U.S. Government's overall security construction requirement for New Embassy [and consular] Compounds (NECs) is**
 - a capital construction program totaling \$17.5 billion
 - funding over the 14 years FY05-18
 - replacement of 150 NECs to meet security needs
- **After the 5-year phase-in period, annual funding will be \$1.4 billion, all from the Capital Security Cost-Sharing (CSCS) Program**
- **CSCS Program charges will be used exclusively for NEC construction, not for maintenance, renovation, or other security enhancements**



Program Concept

- Agencies pay their fair share of an accelerated program that provides secure, safe, functional workspace for USG employees overseas.
- The CSCS Program provides a steady and predictable source of capital funding year after year.
- The cost-share charges will be per capita, based on four categories of authorized agency positions under Chief Of Mission (COM) authority.
- The per capita cost share will incentivize all agencies and Departments to rightsize their overseas operations in line with Presidential initiatives.
- The program will be simple to administer and be handled at the Washington level.



Refinements to the Program

(revisions since October 2002 in response to agency comments)

- **Four cost sharing positions categories, not two:**
 - **Chief Of Mission (COM) positions - new**
 - **Controlled Access Area (CAA) positions**
 - **non-CAA office positions**
 - **other positions at post (not in office space) - new**
- **Updated survey and cost calculations**
- **Positions in host government and research facilities exempted**
- **Short-term office lease payments allowed as a credit**
- **ICASS allocated its cost share**
- **Expanded processes for agency participation**
- **Opportunity to reduce position count by abolishing unfilled positions after initial determination of CSCS charges.**



Counting Overseas Positions

- State conducted a comprehensive survey to identify the number and type of cost-sharing overseas positions at each post in Spring 2003 and will repeat it every two years.
- Adjustment will be made between surveys if an agency documents reductions in positions.
- Every position that will be brought into an NEC is counted, regardless of current location, unless it is likely to qualify for a co-location waiver. In particular FCS, FAS, public diplomacy, and other offices currently located in commercial space are counted.
- Peace Corps staff, Marine Security Guards, and positions permanently stationed in host government facilities or specialized research or technical facilities are not counted.



How many overseas positions will share costs?

- Data from State's 2003 survey and consultations with overseas Departments and agencies shows 61,413 authorized cost-sharing positions overseas:
 - 251 COMs (in CAA space)
 - 8,432 office CAA positions
 - 30,850 office non-CAA positions
 - 21,880 non-office positions
- “Authorized cost-sharing positions” includes every position that uses space in US facilities: direct-hire Americans, Locally Employed Staff (LES, fka FSNs), part-time & intermittent staff (PITs), contractors, and continuing temporary duty (TDY) positions.



Four Categories of Positions

- The Program distinguishes four categories of positions:
 - COM positions - pay more because they occupy larger CAA space than other offices [only paid by State]
 - Controlled Access Area (CAA) positions - pay more than non-CAA office positions because their space is significantly more expensive to build
 - Non-CAA office positions - the “standard” office, charged according to typical construction costs
 - Non-office positions - need fewer facilities and are charged less than non-CAA office positions



Calculation of Per Capita Cost Shares from Prototype NEC

<u>Type</u>	<u>Percent*</u>	<u>Positions**</u>	<u>Annual Revenue</u>	<u>\$/Capita</u>
COM	3.8%	251	\$ 52,467,451	\$209,034
CAA	33.2%	7,840	465,052,406	59,318
Non-CAA	56.2%	27,957	786,814,277	28,144
Non-office	<u>6.8%</u>	<u>19,366</u>	<u>95,665,866</u>	4,940
	100.0%	55,414	\$1,400,000,000	

* of typical NEC construction cost

** based on 2002 survey of positions

To facilitate budget planning and encourage rightsizing, the per capita charges are fixed for FY05-07



Overseas Positions By Agency

AGENCY

COM CAA NON-CAA NON-OFFICE TOTAL

AGRICULTURE DEPARTMENT		0	497	28	525
AM BATTLE MONUMENTS COMM***		0	[42]	0	0
BROADCAST BOARD OF GOVERNORS		0	2	0	2
COMMERCE DEPARTMENT		14	1,191	71	1,276
DEFENSE DEPARTMENT		1,291	568	209	2,068
DEFENSE SECURITY COOPERATION AGENCY		86	340	27	453
ENERGY DEPARTMENT		2	25	0	27
ENVIRONMENTAL PROTECTION AGENCY		0	3	0	3
EX-IM BANK		0	1	0	1
FOREIGN BROADCAST INFO SERV (est.)		1	107	1	109
GENERAL SERVICES ADMINISTRATION		0	5	0	5
HEALTH & HUMAN SERVICES		2	139	78	219
HOMELAND SECURITY		144	561	45	750
ICASS		283	11,260	13,220	24,763
INTERIOR DEPARTMENT		0	6	0	6
JUSTICE DEPARTMENT		758	276	49	1,083
LIBRARY OF CONGRESS		0	193	9	202
NASA		0	31	0	31
NATIONAL SCIENCE FOUNDATION		0	6	0	6
NUCLEAR REGULATORY COMMISSION		0	1	0	1
OVERSEA PRIVATE INVESTMENT CORPORAT		0	1	0	1
PEACE CORPS		0	0	0	0
SOCIAL SECURITY ADMINISTRATION		0	24	0	24
STATE	251	5,826	10,054	7,000	23,131
TRANSPORTATION DEPARTMENT		0	94	0	94
TREASURY DEPARTMENT		24	61	4	89
US TRADE & DEVELOPMENT AGENCY		1	0	0	1
US TRADE REPRESENTATIVE		0	21	1	22
USAID		0	5,316	1,113	6,429
VETERANS AFFAIRS		0	67	25	92
TOTAL	251	8,432	30,850	21,880	61,413

*** not included in FY05 President's Budget



NEC Staff Adjustment Charge

- **When a Department or agency has projected staffing levels that exceed its current authorized staffing at a post where an NEC has already been budgeted, the projected positions are counted and charged even though they are not yet authorized positions.**
- **This NEC Staff Adjustment Charge is added in the first fiscal year following the date the agency projection was used for determining the NEC size, configuration, and budget.**
- **The rationale for this charge is that it encourages careful, realistic projections by agencies and avoids oversized NECs.**
- **GAO reported in 2003 that NEC staffing level projections have not not been prepared in a disciplined, realistic manner. State circulated and published guidance on procedures for rightsizing projected NEC staffing to address this concern.**



Allocation of ICASS Cost-Share Charges

[allocates ICASS share in same proportion as services used in FY03]

AGENCY		ICASS SERVICE CHARGES	% OF ICASS SERVICES	FY05 CHARGES FOR ICASS COST-SHARE POSITIONS
1	STATE	\$711,279,734	72.51599%	\$60,090,841
2	DEFENSE	\$88,456,318	9.01825%	\$7,473,030
3	US AGENCY FOR INTERNATIONAL DEVELOP	\$44,673,894	4.55457%	\$3,774,172
4	JUSTICE	\$29,454,689	3.00295%	\$2,488,412
5	HOMELAND SECURITY	\$25,272,751	2.57659%	\$2,135,111
6	COMMERCE	\$22,805,105	2.32501%	\$1,926,637
7	DEFENSE SECURITY COOPERATION AGENC'	\$14,627,166	1.49126%	\$1,235,743
8	AGRICULTURE	\$10,955,421	1.11692%	\$925,544
9	HEALTH AND HUMAN SERVICES	\$9,054,598	0.92313%	\$764,957
10	PEACE CORPS	\$4,926,461	0.50226%	\$416,201
11	BROADCASTING BOARD OF GOVERNORS	\$3,440,143	0.35073%	\$290,633
12	TREASURY	\$2,938,641	0.29960%	\$248,264
13	TRANSPORTATION	\$2,728,754	0.27820%	\$230,533
14	FOREIGN BORADCAST INFORMATION SERVI	\$2,135,827	0.21775%	\$180,440
15	SOCIAL SECURITY ADMINISTRATION	\$1,792,216	0.18272%	\$151,411
16	LIBRARY OF CONGRESS	\$1,236,413	0.12605%	\$104,456
17	US TRADE REPRESENTATIVE	\$1,107,975	0.11296%	\$93,605
18	ENERGY	\$994,031	0.10134%	\$83,978
19	NASA	\$828,566	0.08447%	\$70,000
20	VETERANS AFFAIRS	\$667,910	0.06809%	\$56,427
21	AM BATTLE MONUMENTS COMM***	\$430,665	0.04391%	\$36,384
22	INTERIOR	\$335,236	0.03418%	\$28,322
23	ENVIRONMENTAL PROTECTION AGENCY	\$234,305	0.02389%	\$19,795
24	NATIONAL SCIENCE FOUNDATION	\$165,735	0.01690%	\$14,002
25	US TRADE AND DEVELOPMENT ADMINISTRA	\$132,472	0.01351%	\$11,192
26	NUCLEAR REGULATORY COMMISSION	\$90,991	0.00928%	\$7,687
27	OVERSEAS PRIVATE INVESTMENT CORP	\$49,272	0.00502%	\$4,163
28	EX-IM BANK	\$31,927	0.00326%	\$2,697
29	GENERAL SERVICES ADMINISTRATION	\$11,912	0.00121%	\$1,006

*** not included in FY05 President's Budget



Five Year Phase-in for Cost-Sharing

FUNDING FOR THE NEC CONSTRUCTION PROGRAM (000s)

OMB-DOS MODEL

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Total DOS	761,400	785,320	810,240	835,160	860,080	886,000
[Regular Approp.	641,400	608,320	456,240	304,160	151,080	-]
[Cost-Sharing	120,000	177,000	354,000	531,000	709,000	886,000]
Other Agencies	<u>0</u>	<u>102,800</u>	<u>205,600</u>	<u>308,400</u>	<u>411,200</u>	<u>514,000</u>
TOTAL CSCS	120,000	279,800	559,600	839,400	1,120,200	1,400,000
TOTAL for NECs	761,400	888,120	1,015,840	1,143,560	1,271,280	1,400,000

CURRENT PROJECTION [assumes no staffing change in FY06-07; recalculation in FY08]

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Total DOS	761,400	785,320	810,240	835,160	887,280	920,000
[Regular Approp.	641,400	622,672	436,221	252,489	151,280	-]
[Cost-Sharing	120,000	162,648	374,019	582,671	736,000	920,000]
Other Agencies	<u>0</u>	<u>83,672</u>	<u>192,438</u>	<u>301,205</u>	<u>384,000</u>	<u>480,000</u>
TOTAL CSCS	120,000	246,320	566,457	883,875	1,120,200	1,400,000
TOTAL for NECs	761,400	868,992	1,002,678	1,136,365	1,271,280	1,400,000



Agency Shares: Actual FY05; Projected FY06-07

“the bottom line” including ICASS costs, NEC Adjustment, & Rent Credit

AGENCY [by actual FY05 share]	FY05 (20%) 6/4 Projection	FY05 (20%) Actual	FY06 (40%) Estimate	FY07 (60%) Estimate
State Department	178,082,000	162,648,241	374,018,883	582,670,636
Defense Department	33,070,000	27,060,976	54,121,952	81,182,928
USAID	29,844,000	20,249,986	55,758,107	91,266,227
Justice Department	10,551,000	13,515,625	27,031,250	40,546,875
Homeland Security Department	5,119,000	7,630,348	15,260,696	22,891,044
Commerce Department	8,200,000	4,539,267	13,648,633	22,757,999
Defense Security Cooperation Agency	-	3,554,487	7,751,070	11,947,653
Library of Congress	1,336,000	1,199,745	2,399,490	3,599,235
Treasury Department	1,443,000	1,036,928	2,073,856	3,110,784
Health & Human Services	1,964,000	970,043	2,618,223	4,266,403
Foreign Broadcast Info Serv (estimate)	1,111,000	767,749	1,535,499	2,303,248
Agriculture Department	3,588,000	580,781	4,480,920	8,381,059
Veterans Affairs Department	544,000	458,270	916,540	1,374,810
Peace Corps	343,000	416,201	832,402	1,248,603
Broadcasting Bd of Gov	1,936,000	301,891	603,782	905,673
Social Security Administration	142,000	286,507	573,014	859,521
Am. Battle Monuments Comm. [no allocation in President's FY05 Budget]				
Energy Department	151,000	248,431	496,862	745,293
NASA	120,000	244,498	488,998	733,497
US Trade Representative	74,000	212,801	425,604	638,406
Transportation Department	1,340,000	156,459	916,118	1,675,777
National Science Foundation	47,000	64,663	129,326	193,989
Interior Department	734,000	38,178	100,275	162,371
Environmental Protection Agency	18,000	36,682	73,364	110,046
General Services Administration	29,000	34,780	69,560	104,340
US Trade & Development Agency	-	23,056	46,112	69,168
Nuclear Regulatory Commission	-	18,945	37,890	56,835
Overseas Private Investment Corp	-	16,027	32,054	48,081
Ex-Im Bank	-	8,327	16,652	24,978
ICASS**	70,726,000	82,865,640	165,731,280	248,596,920
Others in 6/4 estimate; no fees due	14,000			
Total	279,800,000	246,319,892	566,457,131	883,875,480



AGENCY PARTICIPATION

Setting Agency Cost Shares

- **The Billing Process**

Each agency's share is calculated from

- (1) the number and type of its authorized overseas positions through the Survey and consultations with agencies,
- (2) the per capita charges from construction costs [held constant for FY05-07] and total number of positions,
- (3) the NEC Adjustment charges, if increases in positions have been projected at already-budgeted NECs,
- (4) ICASS pass-through charges and rent credit

Agencies must document position elimination, rent credit, and waiver eligibility.

- **Challenge Procedures**

- (1) OBO will carefully evaluate any challenges to survey results or other calculations.
- (2) OMB will participate when disputes need its attention.



AGENCY PARTICIPATION

Setting Priorities Among Posts for NECs

September - October: Agencies tell the DOS Regional Bureaus which posts they would like added to the ***Priority List of Diplomatic Facilities for Replacement***. Regional Bureaus consider agency views as they recommend posts to promote to the ***Top 80*** on the Priority List.

March - April: Agencies tell the Regional Bureaus which posts among the ***Top 80*** should go first in the ***Long-Range Overseas Buildings Plan (LROBP)***. Regional Bureaus consider agency views as they recommend their highest priorities for the ***LROBP*** among the ***Top 80*** posts.

Factors considered include relations with host governments, regionalization goals, and operational and functional concerns.



AGENCY PARTICIPATION

Getting the NEC Space Right

December: OBO asks each post already scheduled for an NEC in the ***LROBP*** to give State's Regional Bureau rightsized staff projections. Post Management Officer and Country Team assemble staff projections for all agencies. Agency representatives at the post certify approval of the projection.

January - February: Agency HQs review staff projections and State Regional Bureaus certify that they considered regionalization and rightsizing objectives.

February - March: Space Requirement Plans (SRPs) that identify specific needs in each facility are developed before Congress appropriates funds. Draft SRPs are circulated to agencies at post and HQ for input.



Summary:

The Capital Security Cost-Sharing Program

- Accelerates the provision of secure facilities overseas
- Promotes President's Management Agenda Rightsizing Initiative
- Is consistent with OMB direction, OPAP recommendation, and pending legislation
- Shares full capital security costs among all agencies
- Provides a steady source of capital security funding
- Is equitable and simple to administer



Capital Security Cost-Sharing Program

Contacts - Department of State:

- **Policy:** Terrence F. Wilmer, Managing Director
Office of Planning & Development
Overseas Buildings Operations Bureau
(703) 516-1996 WilmerTF@State.gov
- **Program:** Samuel A. Bleicher, Director
New Initiatives Division
Office of Planning & Development
Overseas Buildings Operations Bureau
(703) 875-4791 BleicherSA@State.gov

Contact - OMB:

Alexandra Gianinno, Budget Analyst
State-USIA Branch
International Affairs Division
(202) 395-1483 Alexandra_Gianinno@omb.eop.gov